



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

*La participation aux bénéfices: Contribution à l'étude des modes de rémunération du travail.* Par ÉMILE WAXWEILER, chef de bureau à l'Office du Travail de Belgique. Pp. 320. Paris: Arthur Rousseau, 1898.

In 1895, the Comte de Chambrun offered the Musée Social the sum of 25,000 francs to be awarded as a prize for the best work on profit-sharing submitted during the year 1896. This sum was divided among four competitors, of whom M. Waxweiler received as the first prize 12,000 francs for the present work which is here published as a number of the *Bibliothèque du Musée Social*.

In this essay M. Waxweiler has done an excellent piece of work. He has wisely refrained from attempting anew the presentation of the experience of firms which have adopted profit sharing. This work has been well done by Dr. Böhmert, Gilman Trombert, Schloss and others, and it is doubtful if anything short of an official investigation could add much to the material there presented. Taking for granted, therefore, a knowledge of at least the more important examples of this method of industrial remuneration, the author has selected as his task the much more necessary work of a critical examination of the basis, economic and equitable, upon which the plan of profit-sharing rests. The result is a study which is of interest to economists whether they are specially interested, or not, in profit-sharing as a method of social reform.

It is a little strange that at this late day in its history, the principle of profit-sharing is still in need of such an examination. It is a fact, however, that in Europe there is still a considerable divergence in opinion regarding the true nature of profit-sharing. Not only is the system confused with many other devices for remunerating labor, but many refuse to see in it anything but a kind of gratuity on the part of the employer. In general this may be said to be the position occupied by the economists. "Profit-sharing," says M. Leroy-Beaulieu, in concluding his account of this subject in his recent "*Traité d'économie politique*," "has neither an equitable nor a scientific basis." It is evident that this criticism relates to the very foundations upon which profit-sharing rests, and if true, but little can be expected from this system as a measure of social reform. To its consideration, M. Waxweiler has therefore properly devoted his chief attention, and in doing so has furnished us an example of very acute economic reasoning. The importance of the point here considered justifies our attempting to indicate the line of his argument.

In the *Économiste français* of January 2, 1892, M. Leroy-Beaulieu gives us the reason upon which he bases his judgment. Profits, he says, are in no way created by the laborers. They are due entirely to the

conception and direction of the enterprise. An affair succeeds when it has been wisely planned and well managed, when the conditions of the market are skillfully taken advantage of, when improved methods of manufacture are judiciously adopted, etc. It is for this reason that profits are so variable. It is the directing head (patron) of the enterprise who creates profits and it is to him that the profits belong.

To this statement M. Waxweiler makes two replies. First, he says: It is not sufficient to know who makes the profits; it is equally important to determine to whom in point of fact the profits are actually distributed. Under the modern industrial organization where undertakings are largely joint stock companies, the persons who receive the profits—the stockholders—do not perform the services enumerated by M. Beaulieu. They are performed by the entrepreneur, the business manager, who, like the working man, is a salaried employee. From the standpoint of justice, therefore, the employes, who contribute their labor are as much entitled to participate in profits as the capitalist who lends his capital.

In reply to M. Beaulieu's criticism that profit-sharing is without a scientific basis, M. Waxweiler argues that this system is as legitimate a mode of remuneration of labor as any other now in use. In this connection he brings out in an interesting way which we have not seen elsewhere done the fact that the principle that laborers are entitled to share in profits has rapidly gained ground in various ways other than through the establishment of so-called profit-sharing enterprises. The fact that employers feel under obligations to raise wages in times of prosperity, and do so, and that in bad times the laborers will submit to reductions in their wages that they would resist under other circumstances is an expression of the principle that wages are concerned in profits to some extent. A step further is the system of the sliding wage-scale which seems to have conquered a position in a number of important industries. Thus profit-sharing is not a novel system, but rather the logical extension of a principle for fixing the remuneration of labor that is generally followed to a greater or less extent.

It is of course impossible for us here to enter fully into this interesting line of argument. What has been said will show the character of the work. Other objections to profit-sharing are taken up and examined in the same critical way. The Musée Social is to be congratulated upon obtaining such an interesting study in response to the liberal offer made by its founder the Comte de Chambrun.

WILLIAM F. WILLOUGHBY.

*Washington, D. C.*